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RECORDATION NO. 15407-A FILE 1425

RECORDATION NO. 1 5407 FILE 1425

DEC 11 1987 - 12 45 PM

INTERSTATE COMMERCE COMMISSION

DEC 11 1987 - 12 45 PM
December 11, 1987
INTERSTATE COMMERCE COMMISSION

RECORDATION NO. 15407-C FILE 1425

DEC 11 1987 - 12 45 PM

INTERSTATE COMMERCE COMMISSION

40.00

Washington, D.C.

Noreta R. McGee
Secretary
Interstate Commerce Commission
12th Street & Constitution Avenue, N.W.
Washington, D.C. 20423

RECORDATION NO. 15407-B FILE 1425

DEC 11 1987 - 12 45 PM

INTERSTATE COMMERCE COMMISSION

Dear Ms. McGee:

Enclosed are an original and one copy of four documents described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

The documents to be recorded are a Lease of Railroad Equipment (Attachment 1), dated as of December 10, 1987; Lease Supplement No. 1 (Attachment 2), dated as of December 11, 1987; a Loan and Security Agreement (Attachment 3), dated as of December 10, 1987; and Supplement No. 1 to Loan and Security Agreement (Attachment 4), dated as of December 11, 1987.

Brian L. Rubin
Counterpart

The names and addresses of the parties to the respective documents are as follows:

Lease of Railroad Equipment:

Lessor: Wilmington Trust Company
Rodney Square North
Wilmington, Delaware 19890

Lessee: Soo Line Railroad Company
Soo Line Building
105 South Fifth Street
Box 530
Minneapolis, Minnesota 55440

Lease Supplement No. 1:

Lessor: Wilmington Trust Company
Rodney Square North
Wilmington, Delaware 19890

Lessee: Soo Line Railroad Company
Soo Line Building
105 South Fifth Street
Box 530
Minneapolis, Minnesota 55440

Loan and Security Agreement:

Owner Trustee: Wilmington Trust Company
Rodney Square North
Wilmington, Delaware 19890

Lender: The Prudential Insurance
Company of America
c/o PruCapital, Inc.
3701 Wayzata Boulevard
P.O. Box 1143
Minneapolis, Minnesota 55440

Supplement No. 1 to Loan and Security Agreement:

Owner Trustee: Wilmington Trust Company
Rodney Square North
Wilmington, Delaware 19890

Lender: The Prudential Insurance
Company of America
c/o PruCapital, Inc.
3701 Wayzata Boulevard
P.O. Box 1143
Minneapolis, Minnesota 55440

A description of the equipment covered by these documents is set forth in Attachment 5.

A fee of \$40.00 is enclosed. Please return the originals and any extra copies not needed by the Commission for recordation to the undersigned.

A short summary of the documents, to appear in the Commission's index, follows:

Lease of Railroad Equipment:

Lease of Railroad Equipment between Wilmington Trust Company, Rodney Square North, Wilmington, Delaware 19890, Lessor, and Soo Line Railroad Company, Soo Line Building, 105 South Fifth Street, Box 530, Minneapolis, Minnesota 55440, Lessee, dated as of December 10, 1987, and covering 21 General Motors EMD SD-60 Locomotives bearing road numbers SOO 6000-6020, both inclusive.

Lease Supplement No. 1:

Lease Supplement between Wilmington Trust Company, Rodney Square North, Wilmington, Delaware 19890, Lessor, and Soo Line Railroad Company, Soo Line Building, 105 South Fifth Street, Box 530, Minneapolis, Minnesota 55440, Lessee, dated as of December 11, 1987, supplementing the Lease of Railroad Equipment, dated as of December 10, 1987, between Lessor and Lessee, and covering 21 General Motors EMD SD-60 Locomotives.

Loan and Security Agreement:

Loan and Security Agreement between Wilmington Trust Company, Rodney Square North, Wilmington, Delaware

19890, Owner Trustee, and The Prudential Insurance Company of America, c/o PruCapital, Inc., 3701 Wayzata Boulevard, P.O. Box 1143, Minneapolis, Minnesota 55440, Lender, dated as of December 10, 1987, and covering \$18,720,000 Maximum Aggregate Principal Amount 10.82% Secured Notes.

Supplement No. 1 to Loan and Security Agreement:

Supplement No. 1 to Loan and Security Agreement between Wilmington Trust Company, Rodney Square North, Wilmington, Delaware 19890, Owner Trustee, and The Prudential Insurance Company of America, c/o PruCapital, Inc., 3701 Wayzata Boulevard, P.O. Box 1143, Minneapolis, Minnesota 55440, Lender, dated as of December 11, 1987, supplementing the Loan and Security Agreement, dated as of December 10, 1987, between Owner Trustee and Lender, and covering \$18,720,000 Maximum Aggregate Principal Amount 10.82% Secured Notes.

Very truly yours,

Brian L. Rubin

Richard J. Flynn
Terence M. Hynes
Brian L. Rubin

Attachment 5

The 21 General Motors EMD SD-60 locomotives shall be marked on each side, in letters not less than one inch in height, "OWNED BY WILMINGTON TRUST COMPANY AS OWNER TRUSTEE AND SUBJECT TO A SECURITY AGREEMENT IN FAVOR OF THE PRUDENTIAL INSURANCE COMPANY OF AMERICA FILED WITH THE INTERSTATE COMMERCE COMMISSION" or other appropriate words designated by the Lessor.

<u>Type</u>	<u>Running Numbers</u>	<u>Serial Numbers</u>
SD-60	6000 - 6020, both inclusive	867164-1 - 867164-21, both inclusive

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

Brian L. Rubin
1722 Eye Street, N.W.
Washington, D.C. 20006

Dear Sir

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 12/11/87 at 12:45PM, and assigned recordation number(s) . 15316-A & 15407 & 15407-A, B & C

Sincerely yours,

Norita R. McGee
Secretary

Enclosure(s)

1 5407
REGISTRATION NO. FILED 12/11/87

DEC 11 1987 - 12 45 PM

LEASE OF RAILROAD EQUIPMENT

INTERSTATE COMMERCE COMMISSION

Dated as of December 10, 1987

between

WILMINGTON TRUST COMPANY, not in its
individual capacity, except as otherwise
set forth herein, but solely as Owner Trustee
under the Trust Agreement
referred to herein,

Lessor

and

SOO LINE RAILROAD COMPANY,

Lessee

TWENTY-ONE (21) GENERAL MOTORS
EMD SD-60 LOCOMOTIVES

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EXHIBIT

- A - Certificate of Inspection and Acceptance
- B - Form of Lease Supplement
- C - Current Property Insurance and Liability Insurance Levels

LEASE OF RAILROAD EQUIPMENT

LEASE OF RAILROAD EQUIPMENT, dated as of December 10, 1987, between WILMINGTON TRUST COMPANY, a Delaware banking corporation, not in its individual capacity, except as otherwise set forth herein, but solely as Owner Trustee under the Trust Agreement referred to in Section 1 hereof (the "Lessor"), and SOO LINE RAILROAD COMPANY, a Minnesota corporation (the "Lessee"). Certain capitalized terms used herein have the respective meanings attributed thereto in Section 1.

WHEREAS, pursuant to the Participation Agreement the Lessor, subject to the terms and conditions thereof, has agreed to purchase the Locomotives (as defined below), such purchases to be made on the Delivery Date;

WHEREAS, the Lessee desires to lease the Locomotives at the rent and for the term and upon the conditions hereinafter provided; and

WHEREAS, in order to secure certain borrowings to be made by the Lessor to finance the purchase price of the Locomotives, the Lessor has granted a first and prior security interest therein and has assigned this Lease and certain of the payments to be made by the Lessee hereunder to the Lender.

NOW, THEREFORE, in consideration of the premises and of the rent to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Lessor hereby leases to the Lessee the Locomotives upon the following terms and conditions:

SECTION 1. DEFINITIONS

Section 1.1 Certain Definitions. The following terms shall have the following meanings for all purposes of this Lease (as modified, amended or supplemented from time to time) and such meanings shall be equally applicable to both the singular and plural forms of the terms herein defined:

"After Tax Basis" has the meaning set forth in the Tax Indemnity Agreement.

"Affiliate" has the meaning set forth in Participation Agreement.

"Basic Rent" means the rent payable for a Locomotive during the Basic Term identified as "Basic Rent" in and payable pursuant to Section 4.1 hereof.

"Basic Term" means the period beginning on the Delivery Date and ending on January 4, 2003.

"Business Day" means any day other than (i) a Saturday or Sunday, and (ii) a day on which state or national banking institutions are authorized or obligated by law to remain closed in the States of New York, Delaware, Oregon or Minnesota.

"Casualty Occurrence" with respect to any Locomotive means any of the following events with respect to such Locomotive: (i) such Locomotive shall be or become lost or stolen for a period in excess of 30 days (or to the end of the remaining term of this Lease, if it first occurs), or shall be worn out, destroyed, or, in the reasonable good faith opinion of the Lessee, irreparably damaged, or uneconomical to repair from any cause whatsoever during the term of this Lease or any renewal term hereof or until such Locomotive is returned pursuant to Section 15 or Section 18 hereof, or (ii) such Locomotive, together with all other Locomotives manufactured by the same Manufacturer shall have been returned permanently to such Manufacturer pursuant to any patent indemnity provisions of any agreement between such Manufacturer and the Lessee, or (iii) such Locomotive shall be permanently returned to the Manufacturer thereof due to a material breach of such Manufacturer's warranty (other than under the circumstances contemplated by the immediately preceding clause (ii)) contained in any agreement between such Manufacturer and the Lessee, or (iv) title to such Locomotive shall be taken by any governmental entity by condemnation or otherwise, or (v) use of such Locomotive shall be taken or requisitioned (a) by the United States Government (I) for a stated period which shall equal or exceed the then remaining term of this Lease, or (II) for a period which has exceeded two years, or (b) by any other governmental entity (I) for a stated period which shall equal or exceed the then remaining term of this Lease or (II) for a period which has exceeded 180 consecutive days, or (vi) as a result of any rule, regulation, order or other action by the United States Government or any agency or instrumentality thereof, the use of such Locomotives in the normal course of interstate rail transportation shall have been prohibited for a continuous period of six months (or to the end of the remaining term of this Lease, if it first occurs).

"Casualty Payment Date" means the date on or before the Business Day next preceding the earlier of (i) the 61st day following the date of a Casualty Occurrence, (ii) the fifth day following the receipt of insurance proceeds with respect to such Casualty Occurrence, or (iii) the date Lessee shall have made or shall have deemed to have made its election under Section 8.1(ii) to comply with Section 8.1(i).

"Casualty Value" has the meaning specified in Section 8.4 hereof.

"Casualty Value Determination Date" during the Basic Term, means the date, set forth on Schedule 3 to the Lease Supplement applicable to a Locomotive affected by a Casualty Occurrence, next succeeding the date of such Casualty Occurrence (or if such date of the Casualty Occurrence is a date shown on such Schedule 3, such date). During any Renewal Term, "Casualty Value Determination Date" means the date of a Casualty Occurrence.

"Certificate of Inspection and Acceptance" has the meaning specified in Section 3 hereof.

"Code" has the meaning specified in the Participation Agreement.

"Collateral" has the meaning specified in the Loan and Security Agreement.

"Debt Rate" has the meaning specified in the Loan and Security Agreement.

"Default" means any event which with the lapse of time or the giving of notice, or both, would constitute an Event of Default.

"Delivery Date" has the meaning specified in the Participation Agreement.

"Effective Rate" has the meaning specified in the Tax Indemnity Agreement.

"Event of Default" has the meaning specified in Section 14.1 hereof.

"Excepted Rights in Collateral" has the meaning specified in the Loan and Security Agreement.

"Fair Market Rental" has the meaning specified in Section 17.3 hereof.

"Fair Market Value" has the meaning specified in Section 17.3 hereof.

"ICC" means the Interstate Commerce Commission.

"Indemnified Parties" means the Owner Participant, the Owner Trustee in its individual capacity and as Owner Trustee, the Lender, each other holder from time to time of any Note (including, in the case of each of the foregoing, as to any such corporation, any corporation which is a member of the same affiliated group, as defined in Section 1504 of the Code, as such corporation), the Trust Estate, the Collateral, and the

successors, assigns, affiliates, agents, officers, shareholders, directors, servants and employees of any thereof, each individually being an "Indemnified Party."

"Lease Agreement", "this Lease", "this Agreement", "herein", "hereunder", "hereof", "hereby" or other like words mean or refer to this Lease of Railroad Equipment, as originally executed or as modified, amended or supplemented from time to time to the extent permitted by the Loan and Security Agreement, including, without limitation, supplementation hereof by one or more Lease Supplements and any amendments thereto entered into pursuant to the applicable provisions hereof.

"Lease Supplement" means a Lease Supplement substantially in the form of Exhibit B hereto, to be entered into between Lessor and Lessee for the purpose of leasing the Locomotives under and pursuant to the terms of this Agreement.

"Lease Term" means the period commencing on the Delivery Date and continuing to and including the last day of the Basic Term, or if the Lessee exercises the option contained in Section 17.2 hereof, the last day of the Renewal Term, in each case unless earlier terminated pursuant to the terms hereof.

"Lender" has the meaning specified in the Loan and Security Agreement.

"Lessor's Liens" means any Lien which results from claims against the Lessor unrelated to the Lessor's ownership or mortgaging of the Locomotives or the transactions contemplated by the Operative Documents.

"Liens" has the meaning specified in the Participation Agreement.

"Loan and Security Agreement" has the meaning specified in the Participation Agreement.

"Loan and Security Agreement Event of Default" has the meaning specified in the Loan and Security Agreement.

"Locomotive" means each of the twenty-one (21) General Motors EMD SD-60 locomotives, more specifically described in Exhibit A, as amended, to the Participation Agreement, which shall be purchased by the Owner Trustee in accordance with the Participation Agreement and leased to the Lessee pursuant to this Lease and one or more Lease Supplements, together with related appurtenances, additions, improvements, equipment and replacements thereof, collectively, the "Locomotives."

"Manufacturer" has the meaning specified in the Participation Agreement.

"Net Economic Return" means the Owner Participant's net after-tax yield using the multiple investment sinking fund method and total after-tax cash flow, computed on the basis of the assumptions, including, without limitation, the tax assumptions set forth in the Tax Indemnity Agreement, used by the Owner Participant in originally evaluating the transactions contemplated by this Lease.

"Note" and "Notes" have the meaning specified in the Loan and Security Agreement.

"Officer's Certificate" with respect to any corporation or entity, means a certificate executed on behalf of such corporation or entity by its Chief Executive Officer, President, Chief Financial Officer or one of its Vice Presidents or Assistant Vice Presidents or its Treasurer, or one of its Assistant Treasurers, or its Secretary or one of its Assistant Secretaries, or, in the case of Lessor, by one of its Financial Services Officers.

"Operative Documents" has the meaning specified in the Participation Agreement.

"Overdue Rate" has the meaning specified in the Loan and Security Agreement.

"Owner Participant" has the meaning specified in the Participation Agreement.

"Owner Trustee" has the meaning specified in the Participation Agreement.

"Participation Agreement" means the Participation Agreement, dated as of the date hereof, among the Lessee, the Lessor, the Lender and the Owner Participant, as such Participation Agreement may hereafter from time to time be modified, amended or supplemented.

"Permitted Liens" means (i) liens for taxes, assessments or governmental charges or levies in each case not due and delinquent, (ii) inchoate materialmen's, mechanics' workmen's, repairmen's or other like liens arising in the ordinary course of Lessee's business and in each case not delinquent, and (iii) the lien of this Lease and the Loan and Security Agreement.

"Person" or "person" has the meaning specified in the Participation Agreement.

"Purchase Agreement" has the meaning specified in the Participation Agreement.

"Purchase Agreement Assignment" has the meaning specified in the Participation Agreement.

"Purchase Price" has the meaning specified in the Participation Agreement.

"Qualified Affiliate" has the meaning specified in the Participation Agreement.

"Renewal Rent" means the rent payable during the Renewal Term for each Locomotive subject to this Lease at the end of the Basic Term, as specified in Section 17.2 hereof.

"Renewal Term" means the period beginning on January 5, 2003 and ending on January 4, 2008.

"Rent Payment Date" has the meaning specified in Section 4.1 hereof.

"Replacement Locomotive" has the meaning specified in Section 8.1 hereof.

"Supplemental Rent" means any and all amounts, liabilities and obligations (other than Basic Rent or Renewal Rent) which the Lessee assumes or agrees to pay to any person hereunder or under the Participation Agreement including, without limitation, Sections 9 and 12 thereof, or under any other Operative Document, including, without limitation, payments of Casualty Value and amounts measured by reference thereto and payments pursuant to the Tax Indemnity Agreement.

"Tax Assumptions" has the meaning specified in Section 2(b) of the Tax Indemnity Agreement.

"Tax Indemnity Agreement" means the Tax Indemnity Agreement, dated as of the date hereof, between the Owner Participant and the Lessee, as such Tax Indemnity Agreement may hereafter from time to time be modified, amended or supplemented.

"Transaction Expenses" has the meaning specified in the Participation Agreement.

"Trust Agreement" has the meaning specified in the Participation Agreement.

"Trust Estate" has the meaning specified in the Participation Agreement.

Section 1.2 Terms Defined in the Lease and Loan and Security Agreement. For all purposes of this Agreement, capitalized terms, unless otherwise defined herein, shall have

the meanings specified in the Participation Agreement or, if not specified in the Participation Agreement, the meanings specified in the Loan and Security Agreement.

SECTION 2. NET LEASE

This Lease is a net lease. Each of the Lessee's obligations to pay all rent and other amounts hereunder shall be absolute and unconditional, without notice or demand and the Lessee shall not be entitled to any abatement of rent or such other amounts, reduction thereof or setoff against rent or such other amounts, including, but not limited to, abatements, reductions or setoffs due or alleged to be due by reason of any past, present or future claims of the Lessee against the Lessor, the Owner Participant, the holder from time to time of any Note or any other person or entity, either under this Lease or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use or destruction of all or any of the Locomotives from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Locomotives, the prohibition of or other restriction against the Lessee's use of all or any of the Locomotives, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease or any other Operative Document, any defect in the title to, compliance with plans or specifications for, condition, design, fitness for use, operation, damage or destruction of all or any of the Locomotives, any insolvency of or any bankruptcy, reorganization or similar proceeding against the Lessee, the Lessor or any other person or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that Basic Rent, Renewal Rent, Supplemental Rent and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender this Lease of any of the Locomotives except in accordance with the express terms hereof. Except as provided in the Tax Indemnity Agreement, each Basic Rent, Renewal Rent, Supplemental Rent or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment (except for any excess payment made in error or for any payment made to a party not entitled to receive such payment)

from the Lessor, the Owner Participant, the Lender, or any holder or former holder of a Note for any reason whatsoever.

SECTION 3. DELIVERY AND ACCEPTANCE OF LOCOMOTIVES

The Lessor hereby appoints the Lessee its agent for inspection and acceptance of the Locomotives to be delivered on the Delivery Date pursuant to the Purchase Agreement and the Purchase Agreement Assignment. Upon such delivery, the Lessee will cause a qualified employee of the Lessee to inspect the same and, if such Locomotives are found to be acceptable, to accept delivery of such Locomotives and execute and deliver to the Lessor a certificate of inspection and acceptance (the "Certificate of Inspection and Acceptance") substantially in the form of Exhibit A hereto, and a Lease Supplement relating to the Locomotives being acquired on the Delivery Date by the Lessor pursuant to (and in the manner and subject to the conditions set forth in) the Participation Agreement. Upon delivery of the Certificate of Inspection and Acceptance and such Lease Supplement to the Lessor, the Locomotives shall be deemed to have been delivered to and accepted by the Lessee for all purposes of this Lease and thereupon shall be subject to all of the terms and conditions of this Lease. The Lessee's execution and delivery of a Lease Supplement shall be conclusive proof that the Locomotives listed therein have been leased to Lessee subject to the terms hereof.

SECTION 4. RENT

4.1 Basic Rent. The Lessee agrees to pay to the Lessor, as rent during the Basic Term for each Locomotive subject to this Lease, 30 consecutive semiannual payments of Basic Rent payable on January 5 and July 5 of each year (the "Rent Payment Date"). Each of payments one through ten shall be payable in arrears, commencing on July 5, 1988, to and including January 5, 1993; and each of payments 11 through 30 shall be payable in advance, commencing on January 5, 1993, to and including July 5, 2002. Subject to adjustment in accordance with Section 4.4 hereof, each semiannual payment of Basic Rent in respect of each Locomotive subject to this Lease shall be in an amount equal to the product of (i) the percentage set forth in Schedule 2 attached to the Lease Supplement covering and related to such Locomotive applicable to the semiannual rental payment being made multiplied by (ii) the amount of the Purchase Price of such Locomotive designated in such Lease Supplement.

4.2 Minimum Payments. Notwithstanding anything to the contrary contained herein or in any other Operative Document, in all events and irrespective of any adjustment thereto

pursuant to Section 4.4 hereof or otherwise, each payment of Basic Rent under Section 4.1 hereof, and each amount of Casualty Value payable under Section 8 or Section 14 hereof shall be at least in an amount such that, as and when received by the Lender it shall be sufficient to pay the full amount of principal, premium (if any) and interest then due and payable in respect of all Notes then outstanding under the Loan and Security Agreement without regard to any acceleration or optional prepayment. Nothing in this Section 4.2 shall be deemed to constitute a guarantee by the Lessee of the indebtedness evidenced by the Notes or a guarantee of the residual value of any Locomotive.

4.3 Supplemental Rent. In addition to its obligation to pay Basic Rent or Renewal Rent hereunder, the Lessee shall pay Supplemental Rent to whomever due as and when the same shall become due and owing in accordance with the provisions of the Operative Document that requires such payment and in the event of any failure on the part of the Lessee to pay the same when due and owing in accordance with the provisions of the Operative Document that requires such payment, the Lessor shall have all rights, powers and remedies provided for herein or at law or in equity or otherwise in the case of nonpayment of Basic Rent or Renewal Rent. The Lessee also agrees to pay to the Lessor or such other person as shall be entitled thereto, upon demand, as Supplemental Rent, to the extent permitted by applicable law, interest at the Overdue Rate on (i) any part of any installment of Basic Rent or Renewal Rent, as the case may be, not paid when due for each day for which the same shall be overdue, computed on the basis of a 360-day year of twelve 30-day months, and (ii) any payment of Supplemental Rent (other than such interest) not paid when due for each day for which the same shall be overdue until the same shall be paid.

4.4 Adjustments to Basic Rent and Casualty Value.

(i) With respect to each Locomotive, if (a) the aggregate of all Transaction Expenses shall be other than one-half of one percent (0.5%) of the aggregate Purchase Price of the Locomotives subject to this Lease, or (b) there is an adjustment as described in Footnote (b) of Schedule 3 to the form of Lease Supplement attached hereto as Exhibit B, then the amounts of Basic Rent and Casualty Values shall be appropriately adjusted (except that in the case of an adjustment described in Footnote (b), only amounts of Casualty Value shall be adjusted) by such amount or amounts as will, in the reasonable opinion of the Owner Participant, cause the Owner Participant's Net Economic Return to be equal to the Net Economic Return (computed using the same assumptions other than the changed assumptions giving rise to the adjustment in question originally used by the Owner Participant in computing the Basic Rent and Casualty Values, including, without

limitation, the Tax Assumptions) that would have been realized by the Owner Participant if such provision, amendment, correction or regulation had not existed; provided, that in no event shall such adjustment adversely affect the tax consequences, whether or not described in Section 2(b) of the Tax Indemnity Agreement, anticipated by the Owner Participant or the Owner Participant's Net Economic Return. Any adjustment to Basic Rent hereunder shall be such that it shall not cause the Lease to fail to satisfy the requirements of Section 467 of the Code, Rev. Proc. 75-21 or Rev. Proc. 75-28.

(ii) Any adjustment required by Section 4.4(i) above shall be effective as soon as possible. Such adjustment shall be evidenced by the execution and delivery by the Lessor and the Lessee of a lease supplement but failure to execute and deliver such lease supplement shall not affect the making of such adjustment pursuant to Section 4.4(i) above. If requested by the Lessee, any computation of the amount payable by the Lessee under Section 4.4(i) above shall be provided by the Owner Participant to the Lessee in a notice setting forth in reasonable detail the computations and methods used in computing such amount. If requested by the Lessee, such determination shall be verified by Deloitte Haskins + Sells (or such other independent certified public accounting firm as shall be the accounting firm of the Owner Participant) or Helm Financial Corporation, as the Lessee shall decide, which firm shall advise the Lessee and the Owner Participant as to whether the calculations submitted by the Owner Participant are based on the correct assumptions and are mathematically correct and the results of the verification by such firm shall be final and binding on the parties hereto except in the case of manifest error; it being understood that the Lessee shall not be informed as to, and shall not have any right to review, any of the actual data used by such firm in reaching its conclusion. The cost of such verification shall be paid by the Lessee. Any adjustment made pursuant to the foregoing shall, to the extent consistent with the preceding and next succeeding sentences and Section 4.4(i) above, minimize the net present value of Basic Rent to the Lessee. The determination of whether the net present value of Basic Rent to the Lessee may be so minimized shall be made, at the Lessee's sole expense, by the Owner Participant using the Owner Participant's reasonable judgment and in good faith, and such adjustment shall be based on the same assumptions (other than the changed assumptions giving rise to the adjustment in question) used by the Owner Participant in originally calculating such Basic Rent and Casualty Value, and the Owner Participant shall have no obligation whatsoever to seek a private letter ruling from the Internal Revenue Service with respect to the transactions contemplated by the Operative Documents.

4.5 Payments on Non-business Days. If any payment date referred to in Section 4.1, 4.3 or 17.2 hereof is not a Business Day, the payment of Basic Rent, Supplemental Rent or Renewal Rent, as the case may be, otherwise payable on such date shall be payable on the next preceding Business Day.

4.6 Place of Rent Payment. Except as otherwise provided in Section 16.1, each installment of Basic Rent and Renewal Rent shall be paid to the Lessor and all amounts of Supplemental Rent shall be paid to the person entitled thereto at such address as the Lessor or such person, as the case may be, shall have provided to the Lessee in writing.

4.7 Payment in Immediately Available Funds. The Lessee agrees to make each payment provided for hereunder in immediately available funds at or prior to 11:00 a.m. in the city where such payment is to be made.

SECTION 5. TERM OF LEASE

5.1 Beginning and Termination; Survival. The term of this Lease shall begin on the Delivery Date and, subject to the provisions of Sections 8, 14 and 17 hereof, shall continue until the last day of the Basic Term or, if renewed, the last day of the Renewal Term. Notwithstanding anything contained in the preceding sentence to the contrary, the obligations of the Lessee hereunder (including, but not limited to, the obligations under Sections 8, 11, 12, 15 and 18 hereof) shall survive the expiration of the Lease Term and continue in full force and effect until the same shall have been fully performed by the Lessee.

5.2 Rights and Obligations of Lessee Subject to Loan and Security Agreement. Notwithstanding anything to the contrary contained herein, all rights and obligations of the Lessee under this Lease and in and to the Locomotives are subject to the rights of the Lender. If a Loan and Security Agreement Event of Default should occur, the Lender may terminate this Lease (or rescind its termination) without affecting the indemnities which by the provisions of this Lease, the Participation Agreement or any other Operative Document survive the termination of the Lease Term, all as provided therein; provided, that so long as (i) no Event of Default exists hereunder and (ii) the Lessee is complying with the provisions of Section 16.1 hereof, this Lease may not be terminated and the Lessee shall be entitled to the rights of possession and use provided under Section 16 hereof.

SECTION 6. IDENTIFICATION MARKS

6.1 Identifying Numbers; Legend; Changes. The Lessee will cause each Locomotive to be kept numbered with the road number and serial number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Locomotive, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Locomotive, in letters not less than one inch in height, the words "OWNED BY WILMINGTON TRUST COMPANY AS OWNER TRUSTEE AND SUBJECT TO A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION" or other appropriate words designated by the Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Lessor's title to and the Lender's interests in such Locomotive and the rights of the Lessor under this Lease and of the rights of the Lender under the Loan and Security Agreement. The Lessee will replace promptly any such words which may be removed, defaced, obliterated or destroyed. The Lessee will not change the identification number of any Locomotive unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Lender and the Lessor and filed, recorded and deposited by the Lessee in all public offices where this Lease and the Loan and Security Agreement shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Lender and the Lessor an opinion of counsel in form and substance reasonably satisfactory to the Lessor and the Lender to the effect that such statement has been so filed, recorded and deposited, such filing, recordation and deposit will protect the Lender's and the Lessor's interests in such Locomotives and that no other filing, recording, deposit or giving of notice with or to any other federal, state, provincial or local government or agency of either the United States or Canada is necessary to protect the interests of the Lender and the Lessor in such Locomotives.

6.2 Insignia of Lessee. The Locomotives may be lettered with the names or initials or other insignia customarily used by the Lessee or its permitted sublessees but the Lessee will not allow the name of any other person, association or corporation to be placed on any Locomotive as a designation that might be interpreted as a claim of ownership.

SECTION 7. PREPAYMENT OF BASIC RENT

The Lessee shall not make any payment of Basic Rent more than three (3) Business Days before its due date.

SECTION 8. PAYMENT FOR CASUALTY OCCURRENCES; INSURANCE

8.1 Casualty Occurrence; Payments.

(i) In the event of any Casualty Occurrence with respect to any Locomotive or Locomotives, the Lessee shall promptly (and in any event within 15 days) and fully notify the Lessor, the Owner Participant and the Lender with respect thereto. Subject to Section 8.1(ii) hereof, on the Casualty Payment Date with respect to the Locomotive or Locomotives which shall have suffered such Casualty Occurrence, the Lessee shall pay to the Lessor the sum of (A) the Casualty Value of each such Locomotive as of the Casualty Value Determination Date, (B) any Supplemental Rent due on such Casualty Value Determination Date, (C) all other amounts due hereunder in respect of such Locomotive as of such date, and (D) interest thereon calculated at the Debt Rate from and including the date of the Casualty Value Determination Date up to, but excluding such date of payment; provided, that if a Casualty Occurrence shall occur during the period that an Event of Default shall be continuing or any Locomotive is being returned pursuant to Section 15 or during any 15 day extension period beyond the end of the Lease Term in which any Locomotives are being returned pursuant to Section 18 hereof, then notwithstanding anything else in this Section 8.1 contained, the Lessee shall make such payment of Casualty Value (plus all other amounts specified above in this Section 8.1(i)) to the Lessor on a date which shall in no event be more than 30 days after such Casualty Occurrence. Upon the making of such payment of Casualty Value (plus all other amounts specified above in this Section 8.1(i)) by the Lessee in respect of any Locomotive, the Basic Rent or Renewal Rent, as the case may be, for such Locomotive shall cease to accrue, the term of this Lease as to such Locomotive shall terminate and the Lessor shall be entitled to recover possession of such Locomotive, subject to the right of the Lessee to dispose of such Locomotive as agent for the Lessor as provided in the penultimate sentence of this Section 8.1(i). If no Default or Event of Default shall have occurred and be continuing, then the Lessee shall be entitled to receive and retain for its own account all condemnation or requisition payments in respect of such Locomotive up to the sum of the amounts set forth in (A), (B), (C) and (D) above, but only to the extent such amounts shall have been previously paid to the Lessor, and as consideration for the condemnation or requisition of the Lessee's leasehold interest, one-half of any excess. The remaining portion of such excess shall be paid over to, or retained by, the Lessor for its own account. If under the circumstances contemplated by the preceding sentence such Locomotive shall be returned by the governmental entity prior to the time the Lessee shall have been reimbursed by such application of condemnation or requisition payments in an amount equal to or greater than the sum of the amounts set

forth in (A), (B), (C) and (D) above, but only to the extent such amounts shall have been previously paid to the Lessor, then, upon notice to the Lessor, the Lessee shall dispose of such Locomotive as agent for the Lessor, and shall retain the proceeds of such disposition to the extent that the aggregate of the amounts so retained and the condemnation or requisition payments theretofore received by the Lessee shall equal the sum of the amounts set forth in (A), (B), (C) and (D) above, but only to the extent such amounts shall have been previously paid to the Lessor, and as consideration for the condemnation or requisition of the Lessee's leasehold interest, one-half of any excess. The remaining portion of such proceeds shall be promptly paid to the Lessor.

(ii) In the event of any Casualty Occurrence with respect to any Locomotive or Locomotives, the Lessee may, at its option (instead of complying with Section 8.1(i) hereof with respect to any such Locomotive), duly convey to the Lessor (in any event not later than the date upon which the Casualty Value with respect to such Locomotive would be otherwise payable pursuant to Section 8.1(i) hereof) as replacement for such Locomotive, title to a replacement Locomotive (the "Replacement Locomotive"), free and clear of all liens, encumbrances or rights of others whatsoever (except the Lien of this Lease and the Loan and Security Agreement) and having a value, utility and remaining useful life at least equal to, and being in as good operating condition as, the Locomotive being replaced (assuming the Locomotive being replaced was in the condition and repair required by the terms hereof disregarding the occurrence of such Casualty Occurrence). Prior to or at the time of any such conveyance, the Lessee, at its own expense, shall promptly (a) furnish the Lessor with a bill of sale, in form and substance satisfactory to the Owner Participant, the Lessor and the Lender, with respect to such Replacement Locomotive; (b) enter into a supplement hereto, in form and substance satisfactory to the Owner Participant, the Lessor and the Lender, subjecting such Replacement Locomotive to this Lease, and cause such supplement, together with an appropriate supplement to the Loan and Security Agreement and all such other documents and instruments (including Uniform Commercial Code financing statements) to be filed and recorded in such manner and places as shall be necessary or appropriate to confirm the title and interest of the Lessor and lien of the Lender pursuant to the Loan and Security Agreement in respect of such Locomotive; (c) furnish the Owner Participant, the Lessor and the Lender with such evidence of title to such Replacement Locomotive and of compliance with the insurance provisions of Section 8.6 hereof with respect to such Replacement Locomotive as the Owner Participant, the Lessor and the Lender may reasonably request; (d) furnish the Owner Participant, the Lessor and the Lender with an opinion of the Lessee's counsel to the effect that title to such Replacement

Locomotive has been duly conveyed to the Lessor free and clear of all liens, encumbrances and rights of others (except the lien of the Lease and the Loan and Security Agreement) and is duly leased hereunder and subject to the lien of the Loan and Security Agreement; (e) furnish the Owner Participant, the Lessor and the Lender with an Officer's Certificate of Lessee certifying that, upon consummation of such replacement, no Default or Event of Default will exist hereunder; (f) furnish the Lessor with an opinion of tax counsel chosen by the Owner Participant, in form and substance satisfactory to the Owner Participant and reasonably satisfactory to the Lessee, and the Lessee shall have agreed with the Owner Participant on the amount, if any, payable under the Tax Indemnity Agreement with respect to such Replacement Locomotive and the manner in which such amount shall be paid to the Owner Participant, and (g) take such other action as the Lessor may reasonably request in order that such Replacement Locomotive be duly and properly titled in the Lessor, leased hereunder and subjected to the lien of the Loan and Security Agreement to the same extent as the Locomotive being replaced. Upon the completion of the conveyance of a Replacement Locomotive by the Lessee pursuant to this Section 8.1(ii), the Lessor will transfer to the Lessee or to any Person designated by the Lessee all right, title and interest in and to the Locomotive with respect to which such Casualty Occurrence occurred, free and clear of Lessor's Liens and the lien of the Loan and Security Agreement but otherwise without recourse, representation or warranty of any character. For all purposes hereof, each such Replacement Locomotive shall be deemed a Locomotive as defined herein. No Casualty Occurrence covered by this Section 8.1(ii) shall result in any reduction or increase in Basic Rent or Renewal Rent.

8.2 Requisition Not Constituting a Casualty Occurrence. In the event of the requisition for use of any Locomotive which does not, or does not yet, constitute a Casualty Occurrence hereunder, all of the Lessee's obligations under this Lease with respect to such Locomotive (including, without limitation, the obligation to make all payments of Basic Rent, Renewal Rent and Supplemental Rent) shall continue to the same extent as if such requisition had not occurred. All payments received by the Lessor or the Lessee from the United States Government or any other governmental entity for the use of such Locomotive during the term of this Lease (other than a use of such Locomotive constituting a Casualty Occurrence) shall be paid over to, or retained by, the Lessee provided no Default or Event of Default shall have occurred and be continuing.

8.3 Payment After Expiration of Lease. If the date upon which the making of the payment by the Lessee in Section 8.1 hereof in respect of any Locomotive as required as aforesaid shall be after the Lease Term in respect of such Locomotive, no Basic Rent or Renewal Rent for such Locomotive shall accrue after the end of the Lease Term.

8.4 Amount of Casualty Value. During the Basic Term the "Casualty Value" of each Locomotive shall be the product of (x) the Purchase Price for such Locomotive and (y) the percentage set forth in Schedule 3 to the Lease Supplement applicable to such Locomotive opposite the Casualty Value Determination Date for such Casualty Occurrence. During any Renewal Term, the "Casualty Value" of each Locomotive shall be an amount equal to 30% of the Lessor's Purchase Price for such Locomotive. Casualty Value may be subject to adjustment during the Basic Term in accordance with Section 12 of the Tax Indemnity Agreement and Section 4.4 herein.

8.5 No Release. Except as provided in Sections 8.1 and 8.3 hereof with respect to payment of Basic Rent and Renewal Rent, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Locomotive from and after delivery and acceptance thereof by the Lessee hereunder.

8.6 Insurance to Be Maintained.

(i) The Lessee will, at all times prior to the return of the Locomotives pursuant to the terms hereof and at the Lessee's own expense, cause the following insurance to be carried and maintained: (a) "all risk" property insurance in respect of the Locomotives at all times; provided, that the Lessee may self-insure (for purposes of this subsection 8.6, "self-insure" shall mean uninsured risk, deductibles, and co-insurance) such Locomotives to the extent that the Lessee customarily self-insures equipment owned or leased by it similar to the Locomotives, but only to the extent such self-insurance is consistent with prudent industry practice for the railroad industry ("Property Insurance"); and (b) excess liability insurance with respect to third-party personal injury, death and property damage (including, but not limited to, contractual liability insurance) excluding only such risks as are consistent with prudent industry practice in the railroad industry ("Liability Insurance"). The Lessee will carry Liability Insurance in such amounts and for such risks and with such insurance companies as is consistent with prudent industry practice for the railroad industry. In any event, such coverage will not be less comprehensive in amounts and against risks customarily insured against by the Lessee in respect of equipment owned or leased by it, similar to the Locomotives.

(ii) Without the consent of the Lender and the Owner Participant to the contrary, which consent shall not be unreasonably withheld, for the first five years of the Lease Term, the Lessee further agrees to maintain its current levels

of Property Insurance and Liability Insurance described in Exhibit C attached hereto, including the self-insurance, to the extent such insurance is available to the Lessee and with such insurance companies the use of which is consistent with prudent industry practice for the railroad industry.

(iii) For the Lease Term after the first five years, the Lessee further agrees that it will provide Liability Insurance with a minimum coverage of \$70,000,000 and a maximum self-insurance level of \$20,000,000; provided, that such insurance is reasonably and economically available to the Lessee and with such insurance companies the use of which is consistent with prudent industry practice for the railroad industry; provided further, that the Lessee's assessment of the economic availability of insurance will be based on a reasonable analysis of the risks versus the cost of insuring against such risks, and mere deterioration in the Lessee's financial condition shall not permit the Lessee to choose to reduce the level of Liability Insurance below that required by this Section 8.6(iii) when such levels are otherwise economically and reasonably available to the Lessee.

(iv) The insurance policies carried in accordance with the terms of this Lease shall: (a) require 30 days' prior notice of cancellation (other than for non-payment of premium), or material change in coverage to the Lessor, the Owner Participant and the Lender (the "Additional Insureds"); (b) name the Additional Insureds and Wilmington Trust Company in its individual capacity as additional insureds and loss payees as their respective interests may appear; (c) waive any right to claim any premiums or commission against the Additional Insureds; (d) be in full force and effect throughout any geographical areas at any time traversed by any Locomotive; (e) not require contributions from other policies held by the Additional Insureds; (f) waive any right of subrogation of the insurers against the Additional Insureds; (g) in respect of any liability of any of the Additional Insureds, except for salvage rights (with respect to policies covering loss or damage to the Locomotives), waive the right of insurers to set-off, to counterclaim or to any other deduction, whether by attachment or otherwise, to the extent of any moneys due the Additional Insureds; and (h) insure the Additional Insureds regardless of any breach or violation of any warranty declaration or condition contained in such policy by the Lessee or any other such person, subject to the terms and conditions of the policy as issued; provided, that with respect to this clause (h), the Lessee's obligation shall be to use reasonable efforts to comply therewith.

(v) Prior to the commencement of the Lease Term, and the anniversary of the Delivery Date, each year during the Lease Term, or as soon thereafter as is practicable, the Lessee

shall deliver to the Additional Insureds a certified true copy of all policies (or, in the case of blanket policies, certificates therefor issued by the brokers thereunder, evidencing the types and amounts of insurance thereunder) of insurance; provided, that if the delivery of a policy or certificate, as the case may be, is delayed, the Lessee shall deliver an executed binder with respect thereto evidencing the insurance carried by the Lessee, and shall deliver the policy or certificate, as the case may be, upon receipt thereof.

(vi) In the event that the Lessee fails to maintain the insurance required by this Section 8.6, each of the Additional Insureds may, at its option, but shall not be required to, upon five Business Days' prior written notice to the Lessee and the other Additional Insureds, provide such insurance (with regard to Liability Insurance, the policy acquired hereunder shall cover only the risks resulting from or arising out of the use or operation of the Locomotives) and in such event, the Lessee shall, upon demand from time to time, reimburse such Additional Insured or Insureds for the cost thereof together with interest at the Overdue Rate, from the date of payment thereon by such Additional Insured or Insureds, on the amount of the cost to such Additional Insured or Insureds of such insurance which the Lessee shall have failed to maintain and which such Additional Insured or Insureds shall have obtained; provided, that in no event shall the Lessee be obligated to reimburse such Additional Insured or Insureds, in the aggregate, for such coverage in an amount greater than that which the Lessee would have incurred to obtain similar coverage for the Lessee.

(vii) Nothing in this Section 8.6 shall prohibit the Lessor, the Owner Participant or the Lender from obtaining insurance for its own account and any proceeds payable thereunder shall be as provided in the insurance policy relating thereto; provided, that no such insurance may be obtained that would limit or otherwise adversely affect the coverage of any insurance to be obtained or maintained by the Lessee pursuant to this Section 8.6, it being understood that all salvage rights to the Locomotives shall remain with the Lessee's insurers at all times.

(viii) The Lessee shall notify the Additional Insureds five (5) days in advance of the due date of any payment of insurance premiums if it intends not to either pay premiums for insurance required hereunder, or provide a binder extending insurance coverage. The Lessee shall provide either proof of payment of premiums when due or a binder showing coverage after the expiration of the policy period, and evidence of payment or extension of any such binder prior to its expiration date.

(ix) Prior to the commencement of the Lease Term, and each anniversary of the Delivery Date during the Lease Term, the Lessee shall provide an Officer's Certificate of the Lessee stating that the insurance carried by the Lessee complies with the provisions of this Section 8.6.

8.7 Insurance Proceeds. Following payment by the Lessee of Casualty Value and all other amounts due and payable under Section 8.1 hereof, and provided that no Default or Event of Default shall have occurred and be continuing, the Lessee shall be entitled to receive and retain for its own account all proceeds of Property Insurance (except under policies described in Section 8.6(vii)) and third party payments (including, but not limited to, third party payments and settlements under American Association of Railroads rules and regulations for casualty and damage) in respect of any Locomotives suffering a Casualty Occurrence. All Property Insurance proceeds (except under policies described in Section 8.6(vii)) or third party payments in respect of any Locomotive not suffering a Casualty Occurrence received by an Additional Insured shall be paid to the Lessee upon proof satisfactory to the Additional Insureds that any damage to such Locomotive in respect of which such proceeds were paid has been fully repaired, and provided that no Default or Event of Default shall have occurred and be continuing. The proceeds of any Liability Insurance shall be paid to the Lessee and the Additional Insureds as their interests may appear.

SECTION 9. REPORTS; INSPECTION

9.1 Reports. On or before February 15 in each year, commencing with the calendar year 1988, the Lessee will furnish to the Owner Participant, the Lessor, the Lender, and each other holder of a Note who specifically so requests in writing, an Officer's Certificate (a) setting forth as at the preceding December 31 the total number, description, road numbers, and serial numbers of all Locomotives then leased hereunder, the total number, description, road numbers and serial numbers of all Locomotives that have suffered a Casualty Occurrence during such preceding calendar year or are then undergoing repairs (other than running repairs) or are then withdrawn from use pending repairs (other than running repairs), and setting forth such other information regarding the condition and state of repair of the Locomotives as the Lessor, the Owner Participant, the Lender or such holder may reasonably request, (b) stating that, in the case of all Locomotives repainted or repaired during the period covered by such statement, the numbers and markings required by Section 6.1 hereof have been preserved or replaced, (c) stating that the Lessee is in compliance under the Lease and has performed or has caused to be performed the required maintenance of the Locomotives and that no Default or

Event of Default has occurred, and (d) identifying those Locomotives to which the Lessee has made additions and accessions pursuant to Section 12.2 hereof and describing such additions and accessions and the costs thereof.

9.2 Inspection. The Lessor, the Owner Participant, the Lender and the holder of any Note, or any agent thereof, shall each have the right, at its own risk and expense, to inspect the Locomotives and the Lessee's records with respect thereto at such reasonable times, and without undue interference with Lessee's operations, as the Lessor, the Owner Participant, the Lender or the holder of any Note may request during the continuance of the Lease Term, but the Lessor, the Owner Participant, the Lender or the holder of any Note shall have no obligation to do so; provided, that during the continuance of a Default or an Event of Default, such inspection shall be at the Lessee's expense.

SECTION 10. DISCLAIMER OF WARRANTIES; WARRANTY OF TITLE

NEITHER THE LESSOR, THE OWNER PARTICIPANT NOR THE LENDER MAKES OR HAS MADE, OR SHALL BE DEEMED TO MAKE OR HAVE MADE, ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE LOCOMOTIVES DELIVERED TO THE LESSEE HEREUNDER, AND NEITHER THE LESSOR, THE OWNER PARTICIPANT NOR THE LENDER MAKES ANY WARRANTY OF MERCHANTABILITY OR FITNESS OF THE LOCOMOTIVE FOR ANY PARTICULAR PURPOSE OR OF TITLE TO THE LOCOMOTIVE OR ANY COMPONENT THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY EXPRESS OR IMPLIED, WITH RESPECT TO ANY LOCOMOTIVE, EITHER UPON DELIVERY THEREOF TO THE LESSEE OR OTHERWISE, it being agreed that all such risks, as between the Lessor, the Owner Participant, the holder of any Note and the Lessee, are to be borne by the Lessee. The Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the Lease Term to assert and enforce from time to time, in the name of and for the account of the Lessor and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Lessor may have against the manufacturer of each Locomotive; provided, that if at any time an Event of Default shall have occurred and be continuing, the Lessor may assert and enforce, at the Lessee's sole cost and expense, such claims and rights. Neither the Lessor, the Owner Participant nor the Lender shall have any responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Locomotive or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of any Locomotive or any risks relating thereto;

(iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Locomotive. The Lessee's delivery of the Certificate of Inspection and Acceptance relating to the Locomotives as described in Section 3 hereof shall be conclusive evidence as between the Lessee and the Lessor that each Locomotive is in all respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor, the Owner Participant or the Lender based on any of the foregoing matters.

The Lessor covenants that, during the Lease Term, the Lessor shall not create or suffer or permit any Lessor's Liens on the Locomotives and, should any such Lessor's Lien arise during the Lease Term, the Lessor shall promptly discharge all such Lessor's Liens.

SECTION 11. LAWS AND RULES

11.1 Compliance. The Lessee agrees, for the benefit of the Lessor, the Owner Participant and the Lender, to comply in all material respects, either individually or in the aggregate (including, without limitation, with respect to the use, maintenance and operation of each Locomotive), with all laws of the United States (including without limitation, the Locomotive Inspection Act, 45 U.S.C. §§ 22-34) and the jurisdictions in which its operations involving the Locomotives may extend, with the Interchange Rules of the Association of American Railroads, if applicable, and with the applicable rules of the United States Department of Transportation, the Federal Railroad Administration, the ICC and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Locomotives (including, without limitation, the Railroad Locomotive Safety Standards, and related rules and regulations issued under the Locomotive Inspection Act), to the extent that such laws and rules affect the title, operation, maintenance or use of the Locomotives. In the event that such laws or rules require any alteration, replacement or addition of or to any part on any Locomotive, the Lessee will conform therewith at its own expense; provided, that the Lessee may at its own expense, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Lessor or the Lender, adversely affect the property or rights of the Lessor or the Lender under this Lease or under the Loan and Security Agreement or result in any liability, criminal or otherwise, on the part of the Lessor, the Lender, or the holder of any Note.

11.2 Reports by Lessee. Except as provided pursuant to Section 9 of the Participation Agreement, the Lessee agrees to prepare and deliver to the Lessor, the Owner Participant and the Lender within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor and the Lender) any and all reports (other than income tax returns) to be filed by the Lessor, the Owner Participant or the Lender with any federal, state or other regulatory authority by reason of the ownership by the Lessor or the Lender of the Locomotives or the leasing thereof to the Lessee. The Lessor, the Owner Participant and the Lender each agree to inform the Lessee of any request for such reports received by it.

SECTION 12. MAINTENANCE

12.1 Maintenance. The Lessee agrees that, at its own cost and expense, it will (i) maintain and service each Locomotive (including any parts installed on or replacements made to any Locomotive and considered an accession thereto as herein below provided) which is subject to this Lease, and comply with its own preventive maintenance schedule, and with the Manufacturer's suggested maintenance standards, service bulletins, manuals and preventive maintenance schedules, which will include testing, repair and overhaul of each Locomotive, so that each Locomotive, and each component thereof, will remain (a) in good operating order, (b) in compliance with any and all applicable laws, regulations, requirements and rules, including, without limitation, those set forth in Section 11.1 hereof, (c) free of perforation from corrosion, erosion or other damage (it being understood that normal non-perforating car body rust shall not be deemed perforating corrosion for purposes of this subsection (c)), and (d) suitable for use by a Class I line-haul railroad which had been the original owner thereof in the event of resale or re-lease upon the occurrence of an Event of Default hereunder; and (ii) maintain all records, logs and other materials required by the Association of American Railroads or the Department of Transportation, or any other governmental authority having jurisdiction over the Locomotives or the Lessee, to be maintained in respect of each Locomotive. In no event shall any Locomotive be maintained with less care or scheduled for maintenance on a basis less frequent than the maintenance or maintenance scheduling basis employed by the Lessee for similar equipment owned by or operated for or by the Lessee.

12.2 Additions and Accessions.

(i) Subject in all events to Sections 11.1 and 12.1 hereof, the Lessee, at its own cost and expense, may from time to time make such other additions, modifications and

improvements to the Locomotives during the Lease Term which do not adversely and materially affect the value or utility of the Locomotives. The additions, modifications and improvements made by the Lessee under the preceding sentence shall be owned by the Lessee, except to the extent such additions, modifications or improvements are made in order to comply with Sections 11.1 and 12.2(ii) hereof, or are otherwise subject to Section 12.2(ii) hereof.

(ii) Any and all parts installed on and additions made to any Locomotives (a) which are replacements of existing parts constituting part of the Locomotives owned by Lessor, (b) which are not readily removable without causing material damage to such Locomotive, (c) the cost of which is included in the Purchase Price of such Locomotive, (d) in the course of ordinary maintenance of the Locomotives, or (e) which are required by the regulations of the ICC, the Department of Transportation, any agency thereof, or any other applicable regulatory body, for the operation or use of such Locomotive, shall constitute accessions to such Locomotive and full ownership thereof free from any lien, charge, security interest or encumbrance (except for those created by the Loan and Security Agreement and Lessor's Liens) shall immediately be vested in the Lessor, and the Lessee shall comply with all provisions of Section 19 hereof applicable to such accessions.

SECTION 13.

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SECTION 14. DEFAULT

14.1 Events of Default; Remedies. If, during the continuance of this Lease, one or more of the following events (each such event being herein sometimes called an "Event of Default") shall occur (whatsoever the reason for its occurrence, whether the same shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, order or decree of any court of any other rule or regulation of any administrative commission, agency or authority):

(1) default shall be made in payment of any amount provided for (a) in Section 4 or 17 hereof, and such default shall continue for five days or (b) in Section 8 hereof (other than as noted in (2) below), and such default shall continue for 10 days;

(2) the Lessee shall at any time fail to comply with the provisions of Section 8.6 hereof regarding insurance, and such default shall continue for five Business Days after written notice from the Lessor, the Owner Participant, the Lender or the holder of any Note, to the Lessee specifying the default and demanding the same to be remedied;

(3) default shall be made in the observance or performance of any of the covenants, conditions or agreements on the part of Lessee contained in Sections 11.1 (with respect to matters affecting title to any Locomotive), 14.4, 16.2, 16.3 and 19;

(4) default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein (other than those noted in (1), (2), or (3) above), and in the Participation Agreement, and such default shall continue for 30 days after written notice from the Lessor, the Owner Participant, or the holder of any Note to the Lessee specifying the default and demanding that the same be remedied;

(5) any representation or warranty made by the Lessee herein, in the Participation Agreement or in any certificate or statement furnished to the Lessor, the Owner Participant or the holder of any Note pursuant to or in connection with any such agreements, shall have been untrue or misleading in any material respect as of the date of making thereof;

(6) the Lessee shall make an assignment for the benefit of creditors or shall fail generally to pay its debts as they become due; or any order, judgment or decree shall be entered adjudicating the Lessee bankrupt or insolvent; or the Lessee shall petition or apply to any tribunal for the appointment of a trustee, receiver, custodian or liquidator of the Lessee or of any substantial part of its assets or shall commence any proceedings relating to the Lessee or any substantial part of its assets under any bankruptcy, reorganization, compromise, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect; or any such petition or application shall be filed, or any such proceedings shall be commenced, against the Lessee and the Lessee by any act shall indicate its approval thereof, consent thereto or acquiescence therein;

(7) any order, judgment or decree shall be entered appointing any such trustee, receiver, custodian or liquidator or approving a petition in any such proceedings and such order, judgment or decree shall remain unstayed and in effect for more than 60 days; or any order, judgment or decree shall be entered in any proceedings against the Lessee decreeing its dissolution and such order, judgment or decree shall remain unstayed and in effect for more than 60 days; or

(8) a final judgment in a court of competent jurisdiction shall be entered against Lessee for payment of money in an amount exceeding \$1,000,000 and Lessee shall not appeal the same or discharge the same or provide for discharge in accordance with its terms or such judgment shall not have been effectively stayed within 60 days of the entering of such order;

then, in any such case, the Lessor, at its option, subject to all mandatory provisions of applicable law, may declare this Lease in default, and, at its option, may,

(i) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof;

(ii) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Locomotives shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as herein provided; and thereupon the Lessor may by its agents enter upon the premises of the Lessee or other premises, insofar as the Lessee may be lawfully authorized to so permit, where any of the Locomotives may be located, without judicial process if this can be done without breach of the peace and in accordance with due process of law, and take possession of all or any of such Locomotives and thenceforth hold, possess, sell, operate, lease and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Locomotives for any purposes whatsoever and without any duty to account to the Lessee for such action or inaction or for any proceeds arising therefrom (any such proceeds to be first applied to the Lessee's obligations hereunder); but the Lessor shall nevertheless have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of termination (computing the rent for any period ending prior to January 5, 1993, or during the Renewal Term, for any number of days less than that of the full period by

multiplying the rent for such full period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full period) and also to recover forthwith from the Lessee as damages for loss of the bargain and not as a penalty whichever of the following amounts that the Lessor, in its sole discretion, shall specify with respect to each Locomotive (i) an amount equal to the Prepayment Premium payable by the Lessor under any outstanding Note plus (ii) all amounts of Basic Rent, Renewal Rent and Supplemental Rent past due and owing under the Lease, plus (iii) any damages and expenses, including reasonable attorneys' fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant, representation or warranty of this Lease other than for the payment of rental, plus (iv) all expenses and costs associated with the Lessor's exercise of its remedies hereunder, including without limitation, all selling, re-leasing, storage, maintenance, repair and insurance costs, and all related attorneys' fees, plus (v) in the Lessor's sole discretion, either (I) the excess of the then-present value of the entire unpaid balance of all rent hereunder which would, but for the Lessee's default, have accrued hereunder from the date of such default to the end of the Basic Term or Renewal Term, as the case may be (to be computed on the basis of a discount rate equal to the Federal Reserve Discount Rate, computed semiannually for the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated) over the then-present (determined, at the Lessee's expense, by an independent appraiser) obtainable at such time for such Locomotive (to be computed on the basis of a discount rate equal to the Federal Reserve Discount Rate, computed semiannually for the respective dates upon which rents would have been payable hereunder had this Lease not been terminated), or (II) the sum of an amount equal to the excess, if any, of the Casualty Value as of the Rent Payment Date or Renewal Rent payment date on or next preceding the date of termination over either (a) the amount determined by the appraisal procedure described in Section 17.3(ii) (at the Lessee's expense) to be the fair market value of such Locomotive, determined in accordance with Section 17.3 hereof, except that such Locomotive shall be valued in its actual condition at such time or (b) that in the event the Lessor shall have sold any Locomotive, the Lessor in lieu of collecting any amounts payable by the Lessee based on the preceding clause (a) with respect to such Locomotive, shall demand that the Lessee pay to the Lessor and the Lessee shall pay to the Lessor on the date of such sale an amount equal to the excess, if any, of the Casualty Value for such Locomotive as of the Rent Payment

Date or Renewal Rent payment date, as the case may be, on or next preceding the date of termination over the net proceeds of such sale; or

(iii) exercise any other right or remedy available to it by law or by agreement, and in any event may recover, except as otherwise provided above, for any and all unpaid amounts due hereunder before, during or after the exercise of any of the foregoing remedies and any and all reasonable attorneys' fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of the Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Locomotive.

14.2 Remedies Not Exclusive; Waiver. The remedies provided in this Lease in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and may be exercised concurrently or consecutively, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is not, at the time in question, prohibited by law. The Lessee hereby waives any and all existing or future claims to any offset against the rent payments due hereunder, and agrees to make such payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

Except as otherwise provided in this Lease, the Lessee, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, any other requirements with respect to the enforcement of the Lessor's rights under this Lease and any and all rights of redemption.

14.3 Failure to Exercise Rights Is Not Waiver. The failure of the Lessor, the Owner Participant, the Lender or any other holder from time to time of any Note to exercise the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

14.4 Notice of Event of Default. The Lessee agrees to furnish the Lessor, the Owner Participant, the Lender, and any other holder from time to time of a Note who shall have requested of the Lessee in writing that notice of the type referred to below be furnished to it, promptly upon any responsible officer becoming aware of any condition which constituted or constitutes a Default or an Event of Default,

written notice specifying such condition and the nature and status thereof. For the purposes of this Section 14.4, a "responsible officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of the Lessee contained in this Lease, any corporate officer of the Lessee who, in the normal performance of his operational responsibilities, would have knowledge of such matter and the requirements of this Lease with respect thereto.

SECTION 15. RETURN OF LOCOMOTIVES UPON DEFAULT

15.1 Return of Locomotives. If this Lease shall terminate pursuant to Section 5.2 or Section 14 hereof, the Lessee shall forthwith deliver possession of the Locomotives to the Lessor. Each Locomotive so delivered shall be in good operating order, shall comply with all laws and rules referred to in Section 11.1, and shall have attached or affixed thereto any addition, modification or improvement considered an accession thereto as provided in Section 12 hereof and shall have removed therefrom, if so requested by the Lessor or the Lender, at the Lessee's expense, (i) any addition, modification or improvement which, as provided in Section 11 hereof, is owned by the Lessee and (ii) any insignia permitted pursuant to Section 6.2. Notwithstanding the foregoing, each Locomotive shall be in a condition at least as good as such Locomotive would have been in had it been maintained in accordance with all the terms and conditions of this Lease and was ready to be returned in conformity with the provisions of Section 18 hereof. For the purpose of delivering possession of any Locomotive or Locomotives as above required, the Lessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner (including, but not by way of limitation, to the extent legally required by applicable law, rules or regulations to protect the Lessor's or the Lender's interest in the Locomotives, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any Locomotive or Locomotives have been interchanged or which may have possession thereof to return the Locomotive or Locomotives) place such Locomotives upon such storage tracks as the Lessor reasonably may designate;

(b) cause such Locomotives to be stored on such tracks at the risk of the Lessee without charge to the Lessor, the Lender, the Owner Participant or any other holder from time to time of any Note for insurance, rent or storage until all such Locomotives have been sold, leased or otherwise disposed of by the Lessor; and

(c) cause the same to be transported to any railroad interchange point of the Lessee, or, if Lessee maintains no interchange point in the Chicago Switching District, to a railroad interchange point in the Chicago Switching District, as directed by the Lessor or the Lender.

The assembly, delivery, storage, insurance and transporting of the Locomotives as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Locomotives. During any storage period, the Lessee will, at its own cost and expense, maintain and keep the Locomotives in the manner set forth in Section 12.1 hereof, insure the Locomotives in accordance with the provisions of Section 8.6 hereof and permit the Lessor, the Lender or any Person designated by either of them, including the authorized representative or representatives of any prospective purchaser, Lessee or other user of any Locomotive, to inspect the same. All amounts earned in respect of the Locomotives after the date of termination of this Lease whether as a result of an Event of Default or otherwise shall belong to the Lessor and, if received by the Lessee, shall be promptly remitted to the Lessor. In the event any Locomotive is not assembled, delivered and stored, as hereinabove provided, within 15 days after such termination, the Lessee shall, in addition, pay to the Lessor for each day thereafter an amount equal to the per diem equivalent of the Basic Rent or Renewal Rent, as the case may be, then in effect immediately prior to such termination; provided, such payment shall not affect the obligation of the Lessee to redeliver the Locomotives in accordance with the first sentence of this Section 15.1 and shall not limit the damages the Lessor may seek for the Lessee's breach of this covenant.

15.2 Lessor Appointed Agent of Lessee. Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 15, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Locomotive to the Lessor, to demand and take possession of such Locomotive in the name and on behalf of the Lessee from whoever shall then be in possession of such Locomotive.

SECTION 16. ASSIGNMENT, POSSESSION AND USE

16.1 Assignment; Consent; Security for the Lessor's Obligations to Holders of Notes. In order to secure the indebtedness evidenced by the Notes, the Loan and Security Agreement provides, among other things, for the assignment, by the Lessor to the Lender, of this Lease to the extent set forth therein and for the creation of a security interest in the Collateral referred to therein for the benefit of the Lender. The Lessee hereby consents to the assignment by the Lessor of the Lessor's right, title and interest in and to this Lease to the Lender pursuant to the terms of, and to the extent set forth in, the Loan and Security Agreement and agrees that it will make all payments payable hereunder by Fed Wire Transfer to the Lessor at Wilmington Trust Company ABA No. 031100092WILM TR/Trust Reference: Soo Line Railroad, or at such place or to the attention of such person or department as the Lessor may specify from time to time in writing delivered to the Lessee not less than five Business Days prior to the due date of the payment to be made at the place specified in such writing for application by the Lessor in accordance with the Loan and Security Agreement. The Lessee acknowledges that such assignment and security interest provide for the exercise by the Lender (but, except as specified in the Loan and Security Agreement, not to the exclusion of the Lessor) of all rights of the Lessor hereunder (other than rights with respect to Excepted Rights in Collateral and as set forth in the Loan and Security Agreement) to give any consents, approvals, waivers, notices or the like, to make any elections, demands or the like or to take any other discretionary action hereunder and acknowledges receipt of an execution counterpart of the Loan and Security Agreement as in effect as of the date hereof.

16.2 Lessee's Rights to Use the Locomotives, to Permit Use Thereof by Others and to Sublease the Locomotives; No Liens.

(i) So long as no Event of Default shall have occurred and be continuing hereunder, the Lessee shall be entitled to the possession and use of the Locomotives in accordance with the terms of this Lease. The Lessee agrees to use or cause the Locomotives to be used solely within the United States of America and Canada, any such use to be subject to the requirements of paragraph (iii) below and Section 19.2 hereof. The Lessee shall not sublease its leasehold interest under this Lease in the Locomotives or any of them except (a) as provided in paragraph (ii) below or (b) pursuant to such arrangements and to such parties as shall be subject to the reasonable approval (evidenced by a written instrument) of the Lessor and the Lender. The Lessee, at its own expense, will forthwith pay or discharge any and all sums claimed by any party which, if unpaid, might become a lien, charge, security interest or other

encumbrance (other than Permitted Liens and Lessor's Liens) upon or with respect to any Locomotive (including any accession thereto), or the interest of the Lessor, the Owner Participant, the Lender or the Lessee therein, and will promptly discharge any such lien, claim, security interest or other encumbrance which arises.

(ii) So long as no Event of Default shall have occurred and be continuing hereunder, the Lessee shall be entitled to the possession and use of the Locomotives upon lines of railroad owned or operated by it or upon lines of railroad over which the Lessee has trackage or other operating rights or over which railroad equipment of the Lessee is regularly operated pursuant to contract and shall be entitled to permit the use of the Locomotives upon the trackage of connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements and to assign its rights to the Locomotives or to sublease the Locomotives, to a user incorporated in the United States of America (or any State thereof or the District of Columbia) or Canada (or any province thereof), if such Canadian corporation is an Affiliate of the Lessee, for use upon lines of railroad owned or operated by Lessee or such user or by a railroad company or companies incorporated in the United States of America (or any State thereof or the District of Columbia), or Canada (or any province thereof), if such Canadian corporation is an Affiliate of the Lessee, or such railroad company or companies have trackage rights or rights for operation of their trains, and upon the lines of railroad of connecting and other carriers in the usual interchange of traffic or in-through or run-through service, but only upon and subject to all the terms and conditions of this Lease and the Loan and Security Agreement; provided, that without the Lessor's prior written consent (which shall not be unreasonably withheld), no such assignment or sublease (other than to a subsidiary of the Lessee) shall be for a period in excess of six months or involve, individually or in the aggregate, more than eight Locomotives at any one time during the first eight years of the Lease Term, ten Locomotives at any time during the ninth through twelfth years of the Lease Term, or twelve Locomotives at any time thereafter; provided, further, the Lessee's obligations hereunder shall continue in full force and effect as the obligations of a principal and not of a surety irrespective of any such assignment or sublease; and provided, further, that the Lessee shall not, without the Lessor's prior written consent, assign or sublease the Locomotives to, or permit the assignment or sublease of the Locomotives to, or by, any Person (a) who shall use any Locomotive in service involving operation or maintenance outside the United States of America except that, subject to compliance with the requirements of paragraph (iii) below and Section 19.2 hereof, service in Canada shall be

permitted, (b) who shall then be in default with respect to the payments of money under any instrument evidencing indebtedness or with respect to any liability for borrowed money or for the deferred purchase price of property if the aggregate amount of all such indebtedness, liabilities and purchase prices under or with respect to which such Person is then in default exceeds 1% of such Person's net worth or capital and surplus, or (c) who shall then be engaged in any proceedings for relief under any bankruptcy or insolvency law or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions of indebtedness. So long as no Event of Default shall have occurred and be continuing, Lessee may receive and retain compensation for the use of any of the Locomotives from railroads or other entities so using such Locomotives. Each assignment or sublease permitted by this paragraph shall (a) be expressly subject and subordinate to all of the provisions of this Lease and to the rights and remedies of the Lender under the Loan and Security Agreement and the Lessor under this Lease in respect of the Locomotives covered by such sublease upon the occurrence of an Event of Default thereunder or hereunder, (b) expressly require the Locomotives subject thereto to be returned as directed by the Lessor upon notice to such assignee or sublessee that an Event of Default shall have occurred and be continuing, (c) shall expressly require compliance with paragraph (iii) below, and (d) shall expressly prohibit any further sublease of the Locomotives subject thereto. Lessee shall, within five days after the execution of any such sublease, deliver a true and complete copy thereof to the Owner Participant, the Lessor and the Lender.

(iii) The Lessee covenants that the Lessee (or any assignee or sublessee) will at all times during the Lease Term maintain sufficient records to determine all amounts that for federal income tax purposes are includable in the gross income of the Lessor with respect to each Locomotive and all deductions allowable to the Lessor with respect to each Locomotive that will be treated as derived from, or allowable to, sources within or without the United States of America, which records shall be furnished to the Lessor within 30 days after receipt of a written request therefor.

(iv) Except as the Lessor may otherwise designate pursuant to Section 15 or 18 hereof, for the first ten years of the Lease Term the Lessee agrees that no more than six of the Locomotives shall be "clustered" at any time in contiguous storage or maintenance areas or otherwise be placed together in such a manner as to subject such Locomotives to a likelihood of exposure to common damage; provided, that more than six Locomotives may be so "clustered" (a) if the Lessee deems it necessary for operational purposes, (b) when required for other

than normal maintenance, (c) in the event of service disruptions due to weather, strikes, track repair, derailment or other similar cause on the lines which the Locomotives operate pursuant hereto, or (d) for any reasonable security reason.

16.3 Transfers by Lessee Through Merger, Acquisition or Consolidation. The Lessee shall not merge or consolidate with any other corporation or sell, lease or transfer or otherwise dispose of all or substantially all of its assets unless (i) immediately after giving effect to the consummation of such transaction, no Default or Event of Default under the Lease shall have occurred and be continuing, (ii) the surviving, resulting or transferee corporation (a) is a corporation duly organized and validly existing under the laws of any state of the United States or the District of Columbia or is a Qualified Affiliate of the Lessee, (b) after giving effect to the consummation of such transaction, has a financial condition which, in the reasonable judgment of the Lessor, will not impair the surviving entity's ability to perform its obligations assumed under (c) below, and (c) shall execute and deliver an agreement satisfactory in form and scope to the Lender and the Lessor whereby the transferee agrees to be bound by all the terms of, and assumes all of the Lessee's obligations under, each Operative Document to which the Lessee is or is to be a party, and makes representations of the scope made by the Lessee in or pursuant to such Operative Documents, and (iii) after giving effect to the consummation of the transaction (except a transaction with a Qualified Affiliate of the Lessee), the Locomotives will continue to be rolling stock, subject to Section 1168 of the Federal Bankruptcy Code, Title 11, United States Code, or similar successor provisions, if any, and the Lessee shall have delivered an opinion of counsel, reasonably acceptable to the Lessor, the Lender and the Owner Participant, to such effect. Prior to any merger, consolidation or transfer of assets hereunder, the Lessee shall give notice to the Lessor and the Lender specifying the name and address of the Person with whom it is consolidating or merging or to whom it is transferring all or substantially all of its assets and such other additional information and opinions of counsel as may be required by the Lessor or the Lender to demonstrate compliance with this Section 16.3.

16.4 Transfers by Lessor or Owner Participant. Subject to Section 10.01 of the Trust Agreement, with respect to the Lessor, and Section 10(a) of the Participation Agreement and Section 12.09 of the Trust Agreement, with respect to the Owner Participant, the Lessor and the Owner Participant shall be entitled to transfer their respective interests in this Lease and the Trust Estate without the prior approval of the Lessee. Unless an Event of Default has occurred and is continuing, no

such transfer by the Lessor or the Owner Participant shall interfere with the Lessee's rights under this Lease with respect to the Lessee's use of the Locomotives.

SECTION 17. PURCHASE OPTION; RENEWAL OPTION

17.1 Purchase Option.

(i) If this Lease has not been earlier terminated and no Event of Default (or other event which after notice or lapse of time or both would become an Event of Default) has occurred and is continuing hereunder, then the Lessee may, by written notice delivered to the Lessor not less than 240 days prior to the end of the Basic Term, elect to purchase all, but not less than all of the Locomotives then subject to this Lease at a purchase price equal to the Fair Market Value thereof (as determined below) payable on the last day of the Basic Term.

(ii) If this Lease has not been earlier terminated and no Default or Event of Default has occurred and is continuing hereunder, then, upon payment of the purchase price of all of the Locomotives pursuant to an exercise by the Lessee of its option to purchase such Locomotives under this Section 17.1, the Lessor shall, upon request of the Lessee, execute and deliver to the Lessee, or the Lessee's assignee or nominee, a bill of sale for such Locomotives such as will transfer to the Lessee title to such Locomotives, as-is, where-is and without warranty, express or implied, except that the Locomotives are free and clear of all Lessor's Liens.

17.2 Renewal Option. If this Lease has not been earlier terminated and that no Default or Event of Default shall have occurred and be continuing, the Lessee may, by written notice delivered to the Lessor not less than 240 days prior to the end of the Basic Term, with respect to all, but not less than all, of the Locomotives still subject to this Lease, elect to extend this Lease for the Renewal Term. The rent payment amount for such Locomotives during the Renewal Term shall be an amount equal to the Fair Market Rental payable in semiannual payments, in arrears (the "Renewal Rent"), on each January 5 and July 5 during the Renewal Term, commencing July 5, 2003 through and including January 5, 2008.

17.3 Determination of Fair Market Value and Fair Rental Value.

(i)(a) Fair Market Value shall be determined for the Locomotives on the basis of, and shall be equal in amount to, the purchase price which would be obtained in an arm's length transaction between an informed and willing purchaser (other

than a dealer in used goods) and an informed and willing seller (other than a dealer) under no compulsion to purchase or sell on the assumption that the Locomotives are in the condition required by Section 18 hereof, and, in such determination, cost of removal from the location of current use shall not be a deduction from such purchase price; and (b) "Fair Market Rental" shall be determined for the Locomotives on the basis of, and shall be equal in amount to, the rent which would be obtained in an arm's-length transaction between an informed and willing lessee (other than a lessee currently in possession) and an informed and willing lessor, neither being under any compulsion to lease, and, in such determination, it shall be assumed that the Locomotives for which such determination is being made are in the condition required by Section 18 hereof, and in such determination, cost of removal from the location of current use shall not be a deduction from Fair Market Rental.

(ii) If, after 60 days from the giving of notice to the Lessor of the Lessee's election to purchase the Locomotives or exercise its renewal option, the Lessor and the Lessee are unable to agree after negotiating in good faith upon a determination of the Fair Market Value or Fair Rental Value, as the case may be, of the Locomotives, the Lessee may, upon written notice to the Lessor, terminate its election to purchase the Locomotives or exercise its renewal option. If the Lessee does not terminate its election, the Fair Market Value or Fair Market Rental, as the case may be, shall be determined in accordance with the foregoing definitions by the following procedure: If either party to such determination shall have given written notice to the other requesting determination of such Fair Market Value or Fair Market Rental by this appraisal procedure, the parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within 20 days after such notice is given, each party shall appoint an independent appraiser within 25 days after such notice is given, and the two appraisers so appointed shall within 25 days after such notice is given appoint a third independent appraiser. If no such third appraiser is appointed within 25 days after such notice is given, either party may apply to the American Arbitration Association to make such appointment, and both parties shall be bound by an appointment so made. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine the Fair Market Value or Fair Market Rental, as the case may be, of such Locomotives within 20 days after his or their appointment. If the parties shall have appointed a single appraiser or if either party shall have failed to appoint an appraiser, the determination of Fair Market Value or Fair Market Rental by the single appraiser appointed shall be final. If three appraisers shall be appointed, the determination of the appraiser which

differs most from the determination of the other two appraisers shall be excluded, the remaining two determinations shall be averaged and such average shall be final and binding upon the parties hereto as the Fair Market Value or Fair Market Rental. The appraisal proceedings shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association as in effect as of the date hereof, except as modified hereby. The provision for this appraisal procedure shall be the exclusive means of determining Fair Market Value or Fair Market Rental and shall be in lieu of any judicial or other procedure for the determination thereof, and each party hereto hereby consents and agrees not to assert any such judicial or other procedures. The expenses of the appraisal procedure shall be divided equally between the Lessee and the Lessor.

SECTION 18. RETURN OF LOCOMOTIVES UPON EXPIRATION OF TERM

As soon as practicable on or after the expiration of the Lease Term, or any prior termination of this Lease for any reason except pursuant to Section 5.2 or Section 14 hereof, and in any event not later than 15 days after any such termination, the Lessee shall return each Locomotive to the Lessor in good operating order, by causing all Locomotives to be moved, at Lessee's expense, onto such of Lessee's storage tracks as Lessor shall specify; provided, that if the Lessor, upon at least 15 days' notice to the Lessee, requests that any or all of the Locomotives be returned on such expiration date or on a specific date within such subsequent 15-day period, then the Lessee shall use its best efforts to comply with such request. The Lessee shall permit the Lessor to store such Locomotives on such tracks for a period not exceeding 120 days and shall transport the same at any time within such 120-day period to any railroad interchange point of the Lessee, or, if the Lessee maintains no interchange point in the Chicago Switching District, to a railroad interchange point in the Chicago Switching District, all as directed by the Lessor. During any such storage period, risk of loss of the Locomotives shall be the responsibility of the Lessor; provided, that any damage or loss to any Locomotive resulting from negligence, gross negligence or willful misconduct of the Lessee or from the Lessee's use or transport of any Locomotive to and from storage locations and to an interchange point shall be the responsibility of the Lessee. The Lessee agrees upon the request of the Lessor to provide (A) at the Lessor's expense, if then-available, insurance of the type customarily carried for Locomotives in storage with deductibles to be approved by Lessor, and (B) at the Lessor's expense (based upon the Lessee's then-prevailing terms and conditions therefor), such maintenance services for the Locomotives as the Lessor shall request. During any such storage period the Lessee will permit

the Lessor or any Person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Locomotive, to inspect the same; provided, that the Lessee shall not be liable, except in the case of gross negligence or willful misconduct of the Lessee or of its employees or agents, for any injury to, or the death of, any Person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence during any storage period governed by this Section 18. Each Locomotive returned to the Lessor pursuant to this Section 18 shall (i) be in good operating order, with no deferred maintenance items, (ii) meet the standards in effect as of any termination of the Lease referred to in this Section 18 so as to be suitable for use by a Class I line-haul railroad which had been the original owner thereof, (iii) have undergone, not later than three and one-half years prior to such return, Repower (four-year) and major (six-year) maintenance overhauls, or their then-equivalent under the Lessee's maintenance program maintained in accordance with Section 12.1 hereof, (iv) be free of perforation from corrosion, erosion or other damage (it being understood that normal non-perforating car body rust shall not be deemed perforating corrosion for purposes of this subsection (iv)), (v) be in compliance with any and all applicable laws, regulations, requirements and rules, including without limitation, those set forth in Section 11.1 hereof, and (vi) have attached or affixed thereto any special device considered an accession thereto as provided in Section 12 hereof and have removed therefrom any such device not so considered an accession. Notwithstanding the foregoing, each Locomotive shall be in a condition at least as good as such Locomotive would have been in had it been maintained in accordance with all the terms and conditions of this Lease. During any such storage period the Lessee shall maintain the Locomotives in such manner as the Lessee normally maintains similar units of railroad equipment owned or leased by it in similar storage circumstances, but in any event in no less manner than is set forth in Section 12.1 hereof. The assembly, delivery, storage, maintenance and transporting of the Locomotives as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store, maintain and transport the Locomotives. All net amounts earned in respect of the Locomotives after the expiration of the Lease Term shall belong to the Lessor, and shall be paid over forthwith to the Lessor.

Any Locomotives not delivered on the date of expiration of the Lease Term, any renewal thereof, or any prior termination of this Lease referred to in this Section, or any Locomotive

not returned in accordance with this Section 18 shall continue to be subject to all of the rights and duties of the parties set forth in this Lease.

SECTION 19. RECORDING

19.1 ICC; States. The Lessee, at its own expense, will cause this Lease, the Lease Supplement relating to the Locomotives being delivered on the Delivery Date, the Loan and Security Agreement, the Loan and Security Agreement Supplement relating to the Locomotives being delivered on the Delivery Date, and all supplements to the Lease and to the Loan and Security Agreement to be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303 prior to the delivery and acceptance hereunder of any Locomotive. The Lessee, at its own expense, will further cause this Lease and/or appropriate financing statements or continuation statements to be filed and recorded and, from time to time when required, refiled and rerecorded, in accordance with the applicable provisions of the Uniform Commercial Code as in effect in the State of Minnesota (and, if the Lessee changes its chief executive office to any other state) in the same manner as if the Lessor's interest in this Lease represented a security interest and in any other state of the United States of America or the District of Columbia where filing is necessary or reasonably requested by the Lessor or any holder from time to time of any Note for the purpose of proper protection, to the satisfaction of counsel to the Owner Participant and any holder from time to time of any Note, of their interests and rights under this Lease and the Loan and Security Agreement for the purpose of carrying out the intention of this Lease and the Loan and Security Agreement.

19.2 Canada. The Lessee, at its own expense, prior to the transportation or use of any Locomotive in Canada but in no event later than thirty days after the Delivery Date will (i) cause this Lease, the Lease Supplement, relating to the Locomotives being delivered on the Delivery Date, the Loan and Security Agreement, and the Loan and Security Agreement Supplement, relating to the Locomotives being delivered on the Delivery Date, to be deposited with the Registrar General of Canada (notice of such deposit to be forthwith given in The Canada Gazette) pursuant to Section 86 of the Railway Act of Canada and (ii) the Lender and the Owner Participant shall have received a favorable opinion of counsel selected by the Lessee and reasonably acceptable to each of Lender and Owner Participant, addressed to them, covering such matters as they shall reasonably request including, without limitation, compliance with the Railway Act of Canada and maintenance and perfection of the Lender's first security interest in the Locomotives.

19.3 Continuing Obligations. The Lessee, in addition to the requirements of Sections 19.1 and 19.2 above, will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record and deposit (and will refile, reregister, rerecord or redeposit whenever required) any and all further instruments required by law or reasonably requested by the Lessor, the Owner Participant or any holder from time to time of any Note for the purpose of proper protection, to their satisfaction, of their respective interests in the Locomotives, or for the purpose of carrying out the intention of this Lease and the Loan and Security Agreement (including without limitation any such filing, registering, depositing or recording required or deemed necessary by the Lessor or the Lender in connection with the Lessee's compliance with Section 12.2); and the Lessee will promptly furnish to the Lessor and each other holder from time to time of any Note which shall have requested the same evidence of all such filing, registering, depositing or recording, and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Lessor, the Owner Participant and each such holder of a Note.

SECTION 20. LESSOR'S RIGHT TO PERFORM FOR THE LESSEE

If the Lessee fails to perform or comply with any of its agreements contained herein, the Lessor may upon notice to the Lessee (but shall be under no obligation to) perform or comply with such agreement, and the amount of the reasonable costs and expenses of the Lessor incurred in connection with such performance or compliance, together with interest on such amount at the Overdue Rate shall be payable by the Lessee, upon demand except as otherwise provided in this Lease. No such performance or compliance by the Lessor shall be deemed a waiver of the rights and remedies of the Lessor or any assignee of the Lessor against the Lessee hereunder.

SECTION 21. NOTICES

Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when mailed, first class, postage prepaid, or if by overnight delivery, when delivered to or deposited with a recognized overnight delivery service, addressed as follows:

(a) if to the Lessor, at

Wilmington Trust Company,
Rodney Square North
Wilmington, Delaware 19890
Attention: Corporate Trust Administration

with a copy to the Owner Participant at

PacifiCorp Finance, Inc.
Suite 2800
U.S. Bancorp Tower
111 Southwest Fifth Avenue
Portland, Oregon 97204
Attention: Vice President

(b) if by mail to the Lessee, at

Soo Line Railroad Company
Soo Line Building
P.O. Box 530
Minneapolis, Minnesota 55440
Attention: Executive Vice President of Operations

or if by overnight delivery at

Soo Line Railroad Company
Soo Line Building
105 South Fifth Street
Minneapolis, Minnesota 55402
Attention: Executive Vice President of Operations

in each case with a copy to the Lender at the address specified in the Participation Agreement, or addressed to any party at such other address as such party shall hereafter furnish to the other party and the Lender in writing.

SECTION 22. SEVERABILITY

Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 23. EFFECT AND MODIFICATION OF LEASE

Except for the Operative Documents referred to herein, this Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the leasing of the Locomotives and supersedes all other agreements, oral or written, with respect thereto. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized signatories for the Lessor and the Lessee; and if required by the Loan and Security Agreement, the Lender.

SECTION 24. THIRD-PARTY BENEFICIARIES

Nothing in this Lease shall be deemed to create any right in any person not a party hereto (other than the Owner Participant and each holder from time to time of a Note and the permitted successors and assigns of any such person and any party hereto) and this instrument shall not be construed in any respect to be a contract in whole or in part for the benefit of a third party except as aforesaid.

SECTION 25. EXECUTION

This Lease may be executed in several counterparts (or upon separate signature pages bound together into one or more counterparts), such counterparts together constituting but one and the same instrument. To the extent, if any, that this Lease or any Lease Supplement constitutes chattel paper (as such term is defined in the Uniform Commercial Code as in effect in any applicable jurisdiction), no security interest in this Lease or such Lease Supplement may be created through the transfer or possession of any counterpart of this Lease or such Lease Supplement other than the original counterpart which shall be identified as the counterpart containing the receipt therefor executed by the Lender on or immediately following the signature page hereof or thereof. Although for convenience this Lease is dated as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

SECTION 26. LAW GOVERNING

The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of Minnesota; provided, that the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303.

SECTION 27. IMMUNITIES; NO RECOURSE

No recourse shall be had in respect of any obligation due under this Lease, or referred to herein, against any incorporator, stockholder, director, officer, employee, agent or affiliate, as such, past, present or future, of the parties hereto, whether by virtue or any constitutional provision, statute or rule of law, or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of such incorporators, stockholders, directors or officers, as such, being forever released as a condition of and as consideration for the execution of this Lease.

SECTION 28. AGREEMENTS FOR BENEFIT OF LESSOR'S ASSIGNS

All rights of the Lessor hereunder shall inure to the benefit of the Lessor's assigns (including the Lender).

SECTION 29. LESSOR

Whenever the term "Lessor" is used in this Lease it shall apply and refer to the Lessor and any assignee of the Lessor (including, so long as any indebtedness evidenced by the Notes or interest thereon shall remain unpaid or any other obligation thereunder be continuing, the Lender).

SECTION 30. LIABILITY OF LESSOR LIMITED

It is expressly agreed, anything herein to the contrary notwithstanding, that each and all of the representations, warranties, covenants, undertakings and agreements herein made on the part of the Lessor are made and intended not as personal representations, warranties, covenants, undertakings and agreements by Wilmington Trust Company, or for the purpose or with the intention of binding Wilmington Trust Company personally, but are made and intended for the purpose of binding only the Trust Estate, and this Lease is executed and delivered by Wilmington Trust Company not in its own right but solely in the exercise of the powers expressly conferred upon it as trustee under the Trust Agreement; and no personal liability or personal responsibility, except in the case of willful misconduct or gross negligence of Lessor (other than with respect to the handling of funds, in which case the Lessor shall be accountable for its failure to exercise ordinary care), is assumed by or shall at any time be asserted or enforceable against Wilmington Trust Company on account of this Lease or on account of any representation, warranty, covenant, undertaking or agreement of Lessor, either expressed or implied herein, all such personal liability, if any, being expressly waived and released by Lessee and by all persons claiming by, through or under it, and that all recourse against Wilmington Trust Company or the Owner Participant shall be limited to the Trust Estate.

IN WITNESS WHEREOF, the Lessor and the Lessee have
executed this Lease of Railroad Equipment as of the day and
year first above written.

WILMINGTON TRUST COMPANY, not
individually (except as otherwise
expressly provided in the foregoing
instrument), but solely in its
capacity as Owner Trustee under the
Trust Agreement,

Lessor

By:


Name: WILLIAM B. SOWDEN III
Title: VICE PRESIDENT

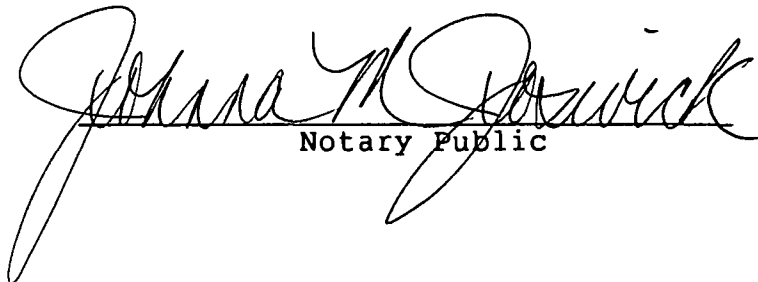
SOO LINE RAILROAD COMPANY,
Lessee

By:

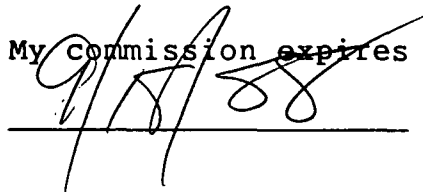
Name:
Title:

State of Delaware)
) ss.
County of New Castle)

On this 11th day of December, 1987, before me personally appeared William B. Sowden III, to me personally known, who, being by me duly sworn, did say that he is a Vice President of WILMINGTON TRUST COMPANY that the instrument was signed on behalf of such corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of such corporation.



Notary Public

My commission expires


State of _____)
) ss.
County of _____)

On this ____ day of December, 1987, before me personally appeared _____, to me personally known, who, being by me duly sworn, did say that he is a _____ of SOO LINE RAILROAD COMPANY that the instrument was signed on behalf of such corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of such corporation.

Notary Public

My commission expires

IN WITNESS WHEREOF, the Lessor and the Lessee have executed this Lease of Railroad Equipment as of the day and year first above written.

WILMINGTON TRUST COMPANY, not individually (except as otherwise expressly provided in the foregoing instrument), but solely in its capacity as Owner Trustee under the Trust Agreement,

Lessor

By: _____

Name:

Title:

SOO LINE RAILROAD COMPANY,

Lessee

By: _____

Name: James A. Lee

Title: Sr. Vice President &
Chief Financial Officer

State of Delaware)
) ss.
County of New Castle)

On this ____ day of December, 1987, before me personally appeared _____, to me personally known, who, being by me duly sworn, did say that he is a _____ of WILMINGTON TRUST COMPANY that the instrument was signed on behalf of such corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of such corporation.

Notary Public

My commission expires

State of Minnesota)
) ss.
County of Hennepin)

On this 10th day of December, 1987, before me personally appeared James A. Lee, to me personally known, who, being by me duly sworn, did say that he is a Sr. Vice President & Chief Financial Officer of SOO LINE RAILROAD COMPANY that the instrument was signed on behalf of such corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of such corporation.

Jean L Findorff
Notary Public

My commission expires

February 7, 1991

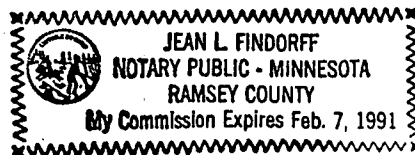


EXHIBIT A TO LEASE
OF RAILROAD EQUIPMENT

Certificate of Inspection and Acceptance

To: Wilmington Trust Company
 as Owner Trustee (the "Owner Trustee")
 Rodney Square North
 Wilmington, Delaware 19890

I, the duly authorized inspector and representative for the Owner Trustee and SOO LINE RAILROAD COMPANY (the "Lessee") under the Lease of Railroad Equipment dated as of December 10, 1987, do hereby certify that I inspected the locomotives described on Schedule 1 attached hereto (each a "Locomotive," collectively the "Locomotives").

I do further certify that the Locomotives were new when delivered to the Lessee, were delivered on or after August 13, 1987, are in good order and condition, and conform to the specifications, requirements and standards applicable thereto, that, based upon my inspection, there is no apparent defect in any Locomotive with respect to design, manufacture, condition or in any other respect, that no material warranty claims are pending with respect to the Locomotives and that the Locomotives have not been damaged by accident or otherwise.

As the duly authorized inspector and representative for the Owner Trustee and the Lessee, I hereby certify that I have accepted delivery of the Locomotives on the date hereof.

I do further certify that each of the Locomotives has been marked by means of a stencil printed in contrasting colors upon each side of each Locomotive in letters not less than one inch in height as follows:

"OWNED BY WILMINGTON TRUST COMPANY, AS OWNER
TRUSTEE AND SUBJECT TO A SECURITY AGREEMENT FILED
WITH THE INTERSTATE COMMERCE COMMISSION"

The execution of this Certificate will in no way relieve or decrease the responsibility of General Motors Corporation (Electro-Motive Division), as manufacturer, for any warranties it has made with respect to the Locomotives.

Dated: _____

Inspector and Authorized
Representative of Owner
Trustee and Lessee

SCHEDULE 1 TO
CERTIFICATE OF ACCEPTANCE

DESCRIPTION OF LOCOMOTIVES

<u>Description</u>	<u>Manufacturer</u>	<u>Manuf.</u> <u>Serial No.</u>	<u>Lessee's</u> <u>Road No.</u>	<u>Purchase</u> <u>Price</u>
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EXHIBIT B TO LEASE
OF RAILROAD EQUIPMENT

LEASE SUPPLEMENT NO. ____

THIS LEASE SUPPLEMENT NO. ____ is dated _____, __, 19__ (this "Lease Supplement"), and is executed and delivered to WILMINGTON TRUST COMPANY, a Delaware banking corporation, not individually but solely as trustee under that certain Trust Agreement, dated as of December 10, 1987, between PacifiCorp Finance, Inc. and such trustee (the "Lessor"), by SOO LINE RAILROAD COMPANY, a Minnesota corporation (the "Lessee"), pursuant to and in accordance with the Lease of Railroad Equipment dated as of December 10, 1987 between the Lessor and the Lessee (the "Lease"). Unless otherwise defined herein, capitalized terms in this Lease Supplement are used with the respective meanings specified in the Lease.

1. The locomotives covered by this Lease Supplement consist of the items described in Schedule 1 attached hereto (the "Locomotives").

2. The Lessee confirms that the Locomotives have been delivered to it and, as between the Lessor and the Lessee, are in good working order and condition, and have been inspected and accepted by Lessee as of the date first set forth above.

3. The Purchase Price of each of the Locomotives is set forth in Schedule 1 attached hereto and the aggregate Purchase Price for such Locomotives is \$_____.

4. The percentages of Basic Rent and Casualty Value for the Locomotives are set forth in Schedules 2 and 3 hereto, respectively.

5. The Lessee hereby: (a) confirms that the Locomotives covered hereby are of the size, design, capacity and manufacture selected by it and meet the provisions of the applicable purchase agreement with the Manufacturer with respect thereto, (b) confirms that the Locomotives have been marked in accordance with all of the provisions of Section 6.1 of the Lease, (c) confirms that the Locomotives conform to the modifications, requirements and standards applicable thereto as provided in the Lease, and (d) irrevocably accepts such Locomotives "as-is, where-is" for all purposes of the Lease as of the date first set forth above.

6. By the execution and delivery of this Lease Supplement by the Lessee, and the acceptance thereof by Lessor, Lessee and Lessor reaffirm all of the terms, provisions and conditions of the Lease.

7. The Lease Supplement may be executed in several counterparts (or upon separate signature pages bound together into one or more counterparts), such counterparts together constituting but one and the same instrument. To the extent, if any, that this Lease Supplement constitutes chattel paper (as such term is defined in the Uniform Commercial Code as in effect in any applicable jurisdiction), no security interest in this Lease Supplement may be created through the transfer or possession of any counterpart of this Lease Supplement other than the original counterpart, which shall be identified as the counterpart containing the receipt therefor executed by the Lender on or immediately following the signature page hereof.

IN WITNESS WHEREOF, Lessee has caused this Lease Supplement to be duly executed by its duly authorized officer as of the date first set forth above.

SOO LINE RAILROAD COMPANY

By _____
Name:
Title:

Accepted as of the date first
set forth above:

WILMINGTON TRUST COMPANY, not
individually (except as
otherwise provided in the
Lease), but solely as Owner
Trustee under the Trust
Agreement

By _____
Name:
Title:

[*] TO THE EXTENT, IF ANY, THAT THIS LEASE SUPPLEMENT CONSTITUTES CHATTEL PAPER (AS SUCH TERM IS DEFINED IN THE UNIFORM COMMERCIAL CODE AS IN EFFECT IN ANY APPLICABLE JURISDICTION), NO SECURITY INTEREST IN THIS LEASE SUPPLEMENT MAY BE CREATED EXCEPT BY THE TRANSFER OR POSSESSION OF THE COUNTERPART CONTAINING THE RECEIPT THEREFOR EXECUTED BY THE PRUDENTIAL INSURANCE COMPANY OF AMERICA IMMEDIATELY FOLLOWING THIS LEGEND. THIS IS THE ONLY COUNTERPART OF THE LEASE SUPPLEMENT THAT CONTAINS THIS LEGEND.

[*]Receipt of this original counterpart of the foregoing Lease Supplement hereby acknowledged this ____ day of December, 1987.

The Prudential Insurance Company
of America

By: _____
Name:
Title:

[*]This legend and receipt appear only in the original counterpart of this Lease.

State of _____)
County of _____) ss.

On this _____ day of _____, 19__, before me personally appeared _____, to me personally known, who, being by me duly sworn, did say that he is a _____ of SOO LINE RAILROAD COMPANY and that the instrument was signed on behalf of such corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of such corporation.

Notary Public

My commission expires

State of _____)
County of _____) ss.

On this _____ day of _____, 19__, before me personally appeared _____, to me personally known, who, being by me duly sworn, did say that he is a _____ of WILMINGTON TRUST COMPANY and that the instrument was signed on behalf of such corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of such corporation.

Notary Public

My commission expires

SCHEDULE 1 TO
LEASE SUPPLEMENT NO. ____

DESCRIPTION OF LOCOMOTIVES

<u>Description</u>	<u>Manufacturer</u>	<u>Manuf.</u> <u>Serial No.</u>	<u>Lessee's</u> <u>Road No.</u>	<u>Purchase</u> <u>Price</u>
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SCHEDULE 2 TO
LEASE SUPPLEMENT NO. ____

BASIC RENT

Rental factors are expressed as percentages of Lessor's Purchase Price. The Basic Rent due on a Rent Payment Date is equal to the product of the Arrears Rent Factor or the Advance Rent Factor, as the case may be, and Lessor's Purchase Price for the Locomotives.

<u>Rent</u> <u>Pmt. Date</u>	<u>Pmt. No.</u>	<u>Arrears Rent</u> <u>Factor (%)</u>	<u>Pmt. No.</u>	<u>Advance Rent</u> <u>Factor (%)</u>
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SCHEDULE 3 TO
LEASE SUPPLEMENT NO. ____

CASUALTY VALUE

Casualty Value
Determination Date

Casualty Value (as a percentage
of the Purchase Price) (a)(b)

(a) In the event any of the events set forth in Section 4.4 of the Lease shall occur, the Casualty Value shall be adjusted accordingly.

(b) The percentage amounts shown in the above schedule and text include assumptions with respect to the amount of taxes associated with the receipt of Casualty Value that will be payable by the Owner Participant. If, as a result of changes in Federal tax rates, the aggregate amount of such taxes payable to any Federal, state, or local government, or other taxing authority of the United States required to be paid by the Owner Participant is different than as assumed above, such percentages will be adjusted, upward or downward, to reflect such change in the Federal tax rate; provided, that (i) any such adjustment upward shall be accompanied by a certificate of the Owner Participant, in reasonable detail, stating the basis for such adjustment, and (ii) no such adjustment shall cause Casualty Value to be less than the amount necessary to pay in full, as of the date of payment thereof, any payment then required to be made on account of the principal of and any interest and premium, if any, or any Notes as originally constituted or as modified in the manner contemplated by the Operative Documents; provided further, that for purposes of computing such adjustment it shall be conclusively presumed that the Owner Participant is subject to state and local tax at the rate provided in clause (x) of Section 6(a) of the Tax Indemnity Agreement. At any time the Owner Participant becomes aware of a change in Federal tax rates that would have a material effect on the amounts shown in the above Schedule and text, the Owner Participant shall recompute the percentages based upon such change in Federal tax rates and provide a new lease supplement reflecting such adjustments.

EXHIBIT C TO THE LEASE

PROPERTY INSURANCE

Shoreham Equitable Insurance Ltd., ("SEIL") a wholly-owned subsidiary of Soo Line Railroad Company ("Soo Line"), provides \$10.25 million in coverage to the Soo Line above Soo Line's self-insured retention levels. The amount of the self-insured retention depends of the nature of the loss. The self-insured retention for loss or damage to rail or road beds is \$5 million. The self-insured retention for loss or damage caused by derailment or collision is \$2.75 million. The self-insured retention for all other losses covered by the policy is \$2.5 million. After the self-insured levels, the next \$250,000 of loss is insured directly by SEIL, and the next \$10 million is reinsured.

Covered losses up to \$10 million above the SEIL coverage is insured without any coinsurance. There is no property insurance above this level.

All coverage of losses is subject to the terms and conditions of the policies.

LIABILITY INSURANCE

Soo Line self-insures the first \$5 million in liability losses. Losses between \$5 million and \$50 million are insured with various insurers at different layers with aggregate coinsurance of \$8,225,000 (resulting in an insured level in this range of \$36,775,000). Losses between \$50 million and \$100 million are currently fully insured with Railroad Association Insurance Ltd. ("RAIL"). There is no liability insurance above this level.

All coverage of losses is subject to the terms and conditions of the policies.